Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

SHOUT
SHARE
IT

84B

UNITED STATES DEPARTMENT OF AGRICULTURE

BULLETIN No. 266

Contribution from Office of Markets and Rural Organization
CHARLES J. BRAND, Chief

Washington, D. C. ▼ August 16, 1915

OUTLETS AND METHODS OF SALE FOR SHIPPERS OF FRUITS AND VEGETABLES.[1]

By J. W. Fisher, Jr., and J. H. Collins, *Assistants in Market Surveys*, and Wells A. Sherman, *Specialist in Market Surveys*.

LIBRARY RECEIVED U. S. Department of Agriculture

CONTENTS.

	Page.
Introduction	1
Finding a market	2
Market quotations	4
Visiting the market	5
Business responsibility	6
Advertising	7
Primary outlets for producers	7
Cooperative associations	7
Sales direct to consumers	9
Primary outlets for producers—Continued.	
Sales through middlemen	12
General sales practices and terms	17
Sales at point of origin	17
Sales in transit	21
Sales at destination	22
Conclusion	23
Summary	24
Glossary	26

INTRODUCTION.

Numerous publications have been issued dealing with the preparation of goods for market, but little definite information has been compiled as to how the commodities are marketed, where to find a market, how to ship, how the grower can protect himself in business dealings, and other questions of vital importance. Farmers are inclined to suspect almost all middlemen of sharp practice, and are especially prone to believe that commission men misrepresent the condition of goods on arrival and render short returns.

Producers are often accused of deliberate dishonesty in their business relations with middlemen because of their failure to live up to agreements in the manner dictated by commercial practice. Yet, in a great majority of cases, the trouble is not caused by intentional dishonesty but rather arises through ignorance of trade condi-

[1] For exposition of distribution methods and charges in the city see Collins, J. H.; Fisher, J. W., jr., and Sherman, Wells A. Methods of Wholesale Distribution of Fruits and Vegetables on Large Markets Bul. 267, U. S. Dept. of Agriculture, 1915.

NOTE.—This bulletin should be of interest to shippers, dealers, and consumers of fruits and vegetables throughout the United States.

96016°—Bull. 266—15——1

tions and practices, or simply through a lack of the proper commercial perspective. If the grower is to market his products successfully, he must realize the necessity of living up to an agreement and doing business on a businesslike basis. He must learn to ship what he offers, to ship when he promises, and to carry out his part of the agreement even though it means loss.

In a community having the advantages of a cooperative association the burdens and details of marketing are lifted from the producers' shoulders and attended to by experienced sales managers and representatives. In many districts where general farming prevails the formation of cooperative associations may be delayed by the lack of sufficient quantities of any one product. Again there are many sections producing specialized crops where the growers have not taken advantage of their opportunities to cooperate. The information in this bulletin is intended primarily for the independent producer who can not shift the burden of his marketing troubles to a cooperative association.

Cooperation is desirable between grower and grower, and grower and consumer, but it is needed especially between the producer and the distributor. Both must come to understand their interdependence and that best results will be accomplished by working together.

This bulletin attempts to show the available outlets for the individual producer in marketing his fruits and vegetables and how he can get in touch with these outlets. Certain business methods are common in the marketing of all fruit and vegetable crops and an effort has been made here to explain these common points. A glossary of the trade terms used will be found on pages 26 to 28, and as these terms are not used in exactly the same sense in all parts of the country, the glossary should be consulted freely.

FINDING A MARKET.

The necessity for keeping in constant touch with the various markets within his reach is not fully appreciated by the average producer. He realizes the importance of obtaining information concerning production estimates, but does not realize that this is but half the problem. Farm papers are paying more and more attention to market news, and if the readers insist upon more comprehensive service in this respect, the farm journals will emphasize this feature. It may pay in many instances for growers to subscribe for trade papers as well as agricultural journals, for in this way they will learn market conditions from the distributor's viewpoint and the outlook for future market developments. Incidentally they will understand prevailing prices and the opinion of the trade as to the causes of price fluctuations.

If a grower is contemplating a shipment of produce and knows of any other growers in his community who specialize in a large way in this commodity, he usually will find that these men are apt to be well posted as to the markets for this product in the different cities and may be able to give him valuable information. One of the best methods will be to get into personal touch with a reliable representative on the market, for these distributors are willing to give reliable information.

While these remarks apply to both the individual producer and the cooperator, the necessity for information of this nature is not felt so keenly by the latter, inasmuch as the finding of a suitable market is one of the primary functions of a cooperative association.

The constant fluctuations in market prices make it absolutely necessary for the shipper to keep in constant touch with the markets by correspondence or otherwise if he expects to receive full value for his goods. Prices vary widely from day to day, or even in the same day, so that a quotation received from a market representative one day may not hold good for the ensuing day, still less for the ensuing week.

When a grower has his shipments rolling to be sold in transit, the telephone or telegraph must be used if shipments are to be diverted from the point to which they are billed in time to take advantage of a rising market elsewhere.

Before the introduction of day and night letters by the telegraph companies various commercial codes were employed commonly by large distributors. The efficiency of these codes has always been lessened by the liability to error and by the restrictions placed upon their use by the telegraph companies. The inauguration of the day and night letter service by these companies has made the use of commercial codes, to a large extent, unnecessary. Cooperation among producers will do much to distribute the overhead expenses of a comprehensive market news service.

Business convention always demands that telegrams to market representatives be prepaid by the sender, unless the message is in reply to one specifically requesting an answer, or including the words "wire collect."

In general, it appears to be best to sell less-car-lot shipments locally, if possible, and where not possible, to ship to the nearest market on consignment. When shipping in car lots, however, it may pay the shipper to keep in touch with the market in several cities; but a live, progressive firm, upon which the shipper can depend, is a better judge of markets and their conditions than can be the average absentee shipper. However, it should always be borne in mind that he is prone to be prejudiced in favor of his own market.

Many shippers, when writing to distributors, fail to give sufficient information concerning their prospective shipments. The dealers therefore can not give fair quotations on the offered goods. Information can not be too explicit or detailed. Many shippers write that they have a car of apples which will be ready to ship on a certain date. The dealer does not know whether this shipment is in bulk or barrels, nor what varieties, grades, or sizes are to be included. A satisfactory letter to a distributing firm must mention the following points: The probable date of shipment, the commodity, number of packages, kind and size of package, quantity and quality of each variety, whether it is a freight or express shipment, and the road and route. A car-lot shipment seems large to the average farmer who is in the habit of shipping in small quantities, and he may labor under the impression that the dealer will be looking for this one car only, and that, consequently, detailed information as to the time of shipment, and other items, is not essential. On the contrary, this car upon its arrival at the market is but one of many, and may receive no special attention if sufficient information is not given the market representative. Moreover, detailed information often enables the dealer to effect a sale before the arrival of the car.

When he merely writes or telegraphs for prices the shipper must remember not to offer the goods for sale, for, if he does offer them for sale, naming a price, and the dealer writes or telegraphs an acceptance, the contract is legally closed from the time this acceptance is mailed or telegraphed, and the shipper can be held liable in case he breaks the contract. This danger may be avoided by the insertion of the phrase "sale subject to confirmation." A copy of each letter or telegram should be retained by the sender for filing. When writing for prices, the shipper should let the dealers know what and when he expects to ship, inasmuch as they may be able to offer some valuable suggestions.

MARKET QUOTATIONS.

In determining the best market, it is not sufficient merely to get quotations from the different cities and ship to that market which quotes the highest prices. Freight and other charges must be subtracted from these quotations, and, all factors considered, the best market is the market which shows the greatest *net* returns. However, too much dependence must not be placed upon these quotations, as in many cases they are merely approximations or opinions as to the trend of the market and are not usually direct offers. In case of doubt the best plan is to sell in the market with which the shipper is most familiar, through some one familiar with the goods and ways of the shipper.

In finding a market, the quotations or "price currents" will often be of value in determining the general price levels. These quotations

appear in newspapers, trade journals, auction sheets, bulletins published by private commission firms, and farm papers. In the case of fruits and vegetables, they are prepared by newspaper reporters or representatives of trade journals who are supposed to cover the market each morning and determine the range of prices for each commodity, either from actual sales or from the opinions expressed by members of the trade. Public auction sales and transactions on boards of trade also indicate general market conditions and aid in determining prevailing prices for the day. Auction quotations have the advantage of representing actual, bona fide sales in the majority of cases and of showing actual amounts moving at different prices.

Quotations as sometimes published are not of great value unless price ranges are given for the varieties of each commodity as well as for the commodity as a whole. Thus, Northern Spy apples may be selling at prices ranging from $4 to $5.50 per barrel, while Ben Davis apples on the same day may be sold wholesale at $3 to $4.50. If the published quotations give the range in prices for apples as a whole, entirely disregarding varieties or grades, the quotations in this case would appear as "Apples, barreled, $3 to $5.50." This statement would be so broad as to be almost worthless and would lead to serious misinterpretations. The lower figure in the range, as quoted, is supposed to represent the actual selling price for the lower grades. The grower having No. 2 Northern Spy apples to ship, on consulting these quotations might conclude that the market as quoted would be $2.50 for his No. 2's, whereas sales for No. 2's of this variety actually would bring him $4. Thus it is evident that unless quotations are given for each variety appearing on the market in any considerable quantity, they may fall far short of giving an accurate index of the market. Another weakness is that while the higher figure in the range as quoted may be $5.50, very few barrels will be sold at this price, and the prevailing market price for fancy grades of Northern Spies may be as low as $4.50.

Too often the importance of following the market constantly is not realized, and often quotations will remain unchanged for several days although the market has fluctuated daily. Trade quotations undoubtedly are of great value in determining general price levels and market conditions.

VISITING THE MARKET.

A personal visit to the market which the shipper patronizes will more than repay expenses, for points which seem trivial to him are very important to dealers, and the producer should get the proper market perspective. Such a visit enables the grower to get into personal touch with the distributors, to select a reliable representative, to learn the difficulties under which the car-lot receiver labors, and to appreciate the problem with which he constantly is confronted.

On the market he will see his shipment in competition with the fanciest grades from famous specialized sections. The relative quantity of his pack and grade will immediately be apparent. The selling value of well-known brands and labels will be evident. He will see mixed grades sold at a discount as compared with uniform grades and sizes, and he will note the premium paid for attractive packages and quality. These facts and conditions will be impressed upon him with a vividness which no impression conveyed by any written description can equal.

Railroad officials in the city can be of great help to the producer who visits the market, as they can show him where and how the goods arrive, give him information regarding supplies from various sections at different seasons, from other sections during his own shipping season, and finally put him in touch with trade connections and direct customers. The grower who wishes to understand the machinery which intervenes between himself and the consumer can well afford the time and expense necessary to study the following elements which enter into the distribution of goods in a large city: the railroad facilities for transporting and unloading goods; arrangements for trucking and cartage; cold storage warehouses; kitchens and storages of hotels, restaurants, and clubs; sales methods and handling facilities of auctions, public markets, brokers, car-lot wholesalers, commission merchants, jobbers, grocers, hucksters, peddlers, and fruit-stand men. If possible, it would be profitable to get some prominent dealer to explain in detail how he conducts his business and meets his problems.

BUSINESS RESPONSIBILITY.

When any considerable amount of produce is to be shipped, it will pay to look up a dealer's commercial standing very carefully before shipping in his care. The commercial rating of any dealer may be secured through a number of sources of information. There are several firms which make a business of rating the financial and general credit standing of men in different kinds of business, and which publish reports regularly. These publications are of value and give a general idea as to a dealer's standing, yet, as is perhaps inevitable in such matters, in many specific instances they have been found to be inaccurate. This general credit standing is of prime importance, as a man with a very low financial rating may be one of the very best in honest dealings.

Firm letterheads, giving trade references, should not be accepted at their face value without verification, for it is understood that in some cases firms have made use of the names of banks and other credit institutions without proper authority.

The chambers of commerce, boards of trade, commercial clubs, and similar bodies are often of assistance in giving information as to dealers specializing in different commodities. Local bankers may also be of assistance in determining the responsibility of a particular firm.

Once a satisfactory representative or customer is found, it should be the aim of the shipper to maintain his connection with this one firm, as by so doing mutual confidence will be fostered and better results secured than where the shipper jumps from one connection to another in quest of slightly higher prices. One of the favorite baits of unscrupulous produce firms has been the circulation of quotations slightly higher than the prices actually prevailing on the market. When consignments were made to these houses, it was found that inflated returns had been made for the first few shipments, and then, having established a connection with the shipper and secured his confidence, the price was dropped and the grower was exploited before he awakened to the situation. The trade term for this practice is "overquoting."

PRIMARY OUTLETS FOR PRODUCERS.

It is possible for growers to sell either individually as independent producers or collectively as members of a cooperative association. In either their individual or collective capacities producers may sell direct to the consumer or through existing marketing agencies, popularly termed "distributors" or "middlemen."

Attention is called to the fact that the producers are the primary distributors and that to the extent of their intelligent, effective control over the distribution of their products are they successful in the business side of agriculture. The average farmer has not been alive to the problems attendant upon the distribution of his products, and, in consequence, has left the middleman to perform a service which as a producer he might have performed for himself.

COOPERATIVE ASSOCIATIONS.

Out of real necessity farmers' cooperative associations have been created, and the development of this movement is being increased and improved constantly to meet the growing demands for better service. Cooperative marketing associations are producers' organizations which are organized for the purpose of grading, packing, shipping, and selling products grown by members of the association.

The association takes charge of commodities either at the packing shed or at the shipping station, according to the contracts with members or the custom in the particular community, and usually has full charge of the produce in all sales transactions. Many asso-

ciations sell subject to the confirmation of the grower, but in other instances the grower allows the association to take entire charge of the shipment. It is customary in the sale of citrus and deciduous fruits to pool the returns for definite periods varying from a day, week, or month to the whole season. Pooling means that the returns from all sales by the association within a given period are combined. The returns from each variety and grade are separated, and divided among the members according to the amount, variety, and grade shipped during this period by each grower. Where the product of the association is of standard pack and grade, the method is fair to all concerned.

Some associations make substantial advances to growers either for planting expenses or as an advance on expected returns at the time of shipment, ranging in some cases from 50 to 75 per cent of the expected selling price. Most well-established associations sell direct to the wholesale trade or through salaried representatives or private brokers who are situated in the principal market centers of the country and who, in addition to actually selling the products of the association, keep the central office well informed as to market conditions and prospects. The representatives or brokers in many cases represent the association upon the auction, which is used sometimes in special lines. Some shipments are consigned, although this practice is uncommon with associations in the West, and is being eliminated gradually by nearly all organizations.

The charges for cost of selling range from 2 to 10 per cent of the selling price, the usual charge being 5 per cent. In 1913 the average selling cost of boxed apples by all of the associations in the Pacific Northwest was 7 per cent. This included an assessment for advertising. The usual practice is for the association to announce a certain tax per box or unit to cover the expected selling and other costs. After the sales are made this amount, together with other deductions, such as advances made to growers, is subtracted from the gross proceeds and the balance returned to the growers.

Cooperative organization is more highly developed in the West than elsewhere in the United States. More than 50 per cent of the apples and other deciduous fruits of the Northwest and Middle Rockies and the larger portion of California fruits are distributed and marketed by cooperative organizations of the growers. In the Middle Western, Southern, and Eastern States many special products, such as strawberries, peaches, apples, grapes, onions, potatoes, and other vegetables, are distributed cooperatively in a large way. There are individual organizations that do an annual business in the millions, and it is estimated that the farmers' associations of the United States will transact more than $1,000,000,000 worth of business in 1915.

This bulletin can not attempt to discuss the functions of these organizations in detail because it is written primarily for the individual grower who has no cooperative organization to handle his shipments for him.[1]

SALES DIRECT TO CONSUMERS.

It is a common belief that the most direct outlet for producers, that is, the channel direct to consumers, is always the most simple and elementary of all channels of distribution. It is doubtful whether this is always true, for many difficulties lie in the way of a producer who attempts to get in touch with the final consumers of his commodities. There is no doubt as to the advantages, in that there are no intermediaries in the distribution of these goods and the producer is able to get much higher prices than he could if selling at wholesale.

Before discussing direct methods of marketing it may be well to give some consideration to the difficulties involved, especially in the distribution in the larger cities. In the first place, there is the inconvenience of getting in touch with the consumers who are in the market for the particular commodities concerned and, in the second place, the difficulty of making collections and avoiding bad accounts. The average grower is fully occupied in supervising production on the farm, and it is troublesome enough for him to keep in touch with general market conditions without attempting to handle all of the details necessitated by direct marketing. Finally, these direct channels are possible only in specialized cases where small quantities of goods are to be shipped, and it is seldom that large quantities of products from extensive farms or orchards can be disposed of through these outlets. Wholesale distribution must be resorted to in these cases.

The principal methods of selling direct to consumer by the farmer may be summarized as follows: Direct delivery by wagon or motor truck; sales on public markets; express and parcel-post shipments; peddling from the car doors; and, finally, sales to factories, such as canning or pickling plants, cider mills, and grape-juice factories.

DIRECT DELIVERY BY WAGON.

Direct delivery by wagon or motor truck is practicable only where the farmer lives within a 25-mile radius of the consuming center. Hence this method affords an outlet only for the commodities produced in the area immediately surrounding the market. Such deliveries are limited, in the main, to country towns and smaller cities. The automobile truck undoubtedly is enlarging this radius,

[1] See Bassett, C. E.; Moomaw, C. W., and Kerr, W. H. Cooperative marketing and financing of marketing associations. *In* Yearbook U. S. Dept. of Agriculture, 1914.

but this service probably will be limited to a very small portion of the total producing area of the country and can not be expected to form an outlet for the great bulk of farm crops. Again, the development of cities with their constant encroachments upon outlying country districts forces production areas farther from the market centers, and in the larger cities makes it practically impossible for growers to deliver their produce direct to consumers. The best examples of successful direct deliveries by growers to consumers are found in the sales of fresh fruits and vegetables in small country towns and in the deliveries of milk from neighboring farms through the residential sections of most of the larger cities.

PUBLIC MARKETS.

Public markets afford a profitable outlet for the farm products of growers located within hauling distance of many large cities. These markets may be either municipally or privately owned. Selling may be either at wholesale or retail, although in many cases both selling methods are allowed. Customarily the sites consist merely of an uncovered tract set aside for this purpose, where space sufficient for the grower's wagon is rented at an average charge ranging from 10 to 25 cents per day. The site may be improved by the erection of sheds or even a specially constructed market house. In the latter instance the interior is portioned into stalls which usually are rented to regular wholesale or retail dealers who buy from the producers.

The grower who sells on the public market has the advantage of being able to ascertain available supplies and thus arrive at a fair market price. He secures the advantage of competitive buying by a large number of dealers who are attracted by a wide variety of products in plentiful supply.

In certain places where municipalities have failed to provide facilities of this character, the growers themselves have organized, purchased tracts of land in the city and developed their own trading place.

Public markets are important factors in the distribution of farm products in many eastern cities, and although they are not quite so usual in the West, they constantly are receiving more attention.[1]

EXPRESS AND PARCEL-POST SHIPMENTS.

The extensive use of express and parcel post by farmers in order to reach consumers is of recent development, and the ultimate possibilities of this means of distribution are as yet unknown. The post-office authorities, as well as the express companies, are making efforts to bring the consumer and producer together by publishing lists of

[1] See Branch, G. V. Public retail markets. *In* Yearbook U. S. Dept. of Agriculture, 1914.

producers who have goods to sell, at stated prices, and also by means of lists of consumers who are in the market for different commodities.

The parcel-post shipments up to the present time usually have been limited to shipments of poultry, butter, and eggs,[1] and have been quite successful in these lines. The cost of such service, except for extra fancy stock, in many cases is prohibitive, and it is doubtful to what extent the average farmer can make use of these outlets for miscellaneous products. Without the development of special methods they are not to be considered by those having car-lot quantities.

CAR PEDDLING.

Another method by which the grower can sell direct to the consumer, at least direct to the retail trade, is by accompanying a car of produce to the market and selling direct from the car door to the dealers and consumers. This is termed "car peddling." In order to do this it is necessary in most cities that the producer take out a license from the city authorities which gives him temporary selling privileges. The charge for such a license varies from $10 to $25.

While this method of selling may be practicable where the growers have no cooperative association, yet it would be unwise for an individual producer to go on the road in active competition with a competent selling organization. The grower also must bear in mind the fact that although the returns from this method of selling at first may appear large, they will be cut down to a great extent by his expenses, the time consumed, and the consequent neglect of his regular business.

This practice may result also in lowering wholesale prices, inasmuch as the grower may be anxious to get away and may sell at figures which the regular dealers would not accept. Car peddling is more common in the South and Southwest than in other sections of the country.

SALES TO FACTORIES.

Sales to factories may not seem to be rightfully classed with direct sales to consumers. However, when it is remembered that fruit which is taken to a canning factory as a perishable product comes from the factory as a semistaple product, this classification seems reasonable. These factories may be classed under the following general heads: Canning plants, pickling plants, cider mills, evaporating plants, wineries, distilleries, and others of like nature.

Canning plants probably constitute the largest outlet for fruits and vegetables, but there is a common misunderstanding concerning these factories. It is usually understood that these plants utilize the cull grades of fruits and vegetables. This is true in only a

[1] See Flohr, Lewis B. Shipping Eggs by Parcel Post. Farmers' Bulletin 594. 1914.

limited way, and the practice is becoming less common. Competition has become so keen among canning factories that quality is now a determining factor of success, consequently they are making an effort to secure the higher grades of fruits and vegetables. It usually is necessary to make contracts in advance if markets are to be secured at these factories. The farmer who approaches the factory only when he has unsalable surplus and the markets are glutted must expect very low offers.

Pickling plants use more vegetables than fruits, and a large part of the cucumber crop is used in this way. Kraut factories, which in many sections afford important markets for cabbage, may be included under this head.

Cider mills and evaporating plants may be said to be the real outlet for cull grades of fruits, although even with these quality is becoming more important. It is a truth too little understood that low grades, while sometimes bringing fair returns, are in reality a detriment to the market, because they tend to pull down the price of the better grades. Farmers will do better on the whole to accept a low price for these cull grades from the factory and keep them off the general market, thus causing the general tone of the market to strengthen materially.

Wineries are most numerous in the western grape sections, especially in certain districts in California. Certain varieties of the European grapes are especially desired for wine manufacture, and the wine industry at Fresno, Cal., is a very important factor in the grape-growing business. The grape-juice factories of New York and Michigan are important factors in the utilization of native grapes in the northern section. These factories are insisting more and more upon a better quality, and cull grapes find a limited outlet. Apples and peaches are the fruits most largely used in the manufacture of brandies and cordials by the distilleries, and these are now insisting upon at least a fair quality.

These industries have become vital necessities in the fruit sections on the Pacific coast and probably will be the determining factors between profit and loss. While the need of such outlets has not been forced upon the attention of eastern fruit growers to the same extent as in the West, nevertheless there is room for much study and development in this field. One of the main principles in successful manufacturing is the utilization of waste materials, and this principle is no less important in fruit growing than in manufacturing enterprises.

SALES THROUGH MIDDLEMEN.

Although direct sales from producers to consumers have their advantages, nevertheless it is true that most car-lot quantities of farm produce must be sold through wholesale distributing agencies,

and the average producer will have to utilize some of the present machinery. There is much misunderstanding and confusion in the use of the terms which designate the different middlemen. In this bulletin an attempt is made to employ these terms according to their most common usage, in order to have definite expressions with which to work.

The middlemen to or through whom growers can sell direct may be enumerated as follows: Country merchants, country collecting agents, country buyers of special products, traveling buyers, private exchanges, operators, brokers, commission men, auctions, and retailers.

SALES TO COUNTRY MERCHANTS.

The primary advantage of dealing with a country merchant is that the farmer can trade with him in person and is more apt to know the financial and moral responsibility of the man to whom he is selling. The country merchant usually will purchase poultry and poultry products, farm butter, wool, hides, or commodities produced on the farm in quantities not sufficiently large to constitute commercial shipments. The farmer is paid for the produce either in cash or with credit at the local store. Provided his purchases are large enough, the country merchant combines them into car lots and sells direct to the city trade, or disposes of them to a car-lot assembler at some neighboring shipping point, who concentrates these small shipments into car-lot quantities, selling to the city trade on his own account; also the country merchant may ship small lots of produce directly to commission houses.

COUNTRY COLLECTING AGENTS.

Country collecting agents, on the other hand, are the country dealers or buyers who go directly to the farm with their wagons, buying or trading for small quantities of eggs, butter, poultry, hogs, calves, and other farm products which they concentrate into carloads and ship to receivers in the city. They pay cash for the goods at the farm. These country collecting agents include the so-called "car-lot assemblers."

LOCAL COUNTRY BUYERS OF SPECIAL PRODUCTS.

Country buyers operate, as a rule, in districts producing large quantities of such specialized commodities as apples, peaches, and citrus fruits. They buy from the producers in car lots and ship to the best available markets, selling on orders or through the usual market channels for whatever margin they can secure. They pay in cash at the shipping point at the time of sale or delivery. This method of sale is common for tomatoes and cantaloupes in Florida, potatoes in Maine, watermelons in Texas, peaches in Georgia and Michigan, and apples in the Eastern States.

The term "country buyers" as used in this bulletin refers to buyers who are permanently located and do not move from one district to another with buying brokers and traveling buyers. In many instances the trade defines this person as a "shipper." Another very erroneous designation is "car-lot assembler."

These local country buyers, where they are well known in particular communities, may prove to be profitable connections for shippers, due to the fact that they have reputations to uphold in order to obtain business, and consequently can not operate on a "fly-by-night" basis. Furthermore, these buyers usually pay cash at time of delivery, and inasmuch as the grower thus has the money in possession, the honesty of the buyer is not so important.

TRAVELING BUYERS AND BROKERS.

Traveling buyers and brokers operating at shipping points work along practically the same lines, moving from one specialized district to another with the advance of the season.

The difference in activities lies in the fact that brokers buy whatever produce is wanted in whatever amounts are desired, and ship to wholesale houses which have placed orders with them, charging a definite brokerage for each car shipped. They are usually "free lances" buying for all who retain them, upon payment of the stipulated brokerage. In reality so-called brokers at the shipping end in addition to buying on orders from wholesale houses also sell for growers and shippers, thus finding outlets for carloads of produce.

Traveling buyers, on the other hand, are employed by single houses on a definite salary basis and perform the services of brokers for these individual houses alone.

In order to attract buyers to a certain section, the first requirement is a crop or crops of sufficient tonnage to make the "deal" of commercial importance. A second requirement is to bring the facts to the attention of the trade before shipments begin. This can be accomplished by advertisements in trade journals or by letters to the largest distributors of these products in neighboring markets, stating the probable number of carloads of each product to be shipped from the district, together with the probable opening date of commercial shipments. Provided a large number of buyers and trade representatives can be assembled, the possibility of higher prices is greatly increased through competitive bidding.

Sales should not be made to representatives of unknown firms without a careful inquiry into the business responsibility of the firms and into the accredited standing of the representatives.

Traveling buyers and brokers will be found in nearly all of the specialized districts as well as in many other sections.

PRIVATE EXCHANGES.

Private exchanges are stock companies, organized for profit, which distribute shipments, usually in car lots, for either individual growers or producers' organizations. They take charge of the goods before they are packed, and sell through salaried representatives or individual brokers in the large markets, subject to the growers' orders. Except that they are operated for profit rather than on a cooperative basis, they resemble very closely the cooperative associations in their distribution and sales methods.

These exchanges charge either a straight brokerage or a percentage based upon contract. The charges vary with each transaction, consequently no general average can be given. In general, their charges will be found to be about the same as private brokerage charges, with an addition sufficient to cover the cost of any extra services which may be rendered. Large quantities of Northwestern apples, Michigan grapes, and California citrus fruits are handled by these exchanges.

OPERATORS.

Operators are large wholesale firms which send private buyers or solicitors into producing sections, and which, through representatives or branch houses in several large markets, afford a wide distribution for commodities purchased on their own account. Some of the firms which have handled a large part of the Colorado cantaloupe production in recent years may be termed operators. These firms performed the following functions: (1) They have advanced rent, irrigation expenses, crate materials, and other supplies; (2) superintended the picking, grading, packing, and loading of the crop; (3) made further cash advances at the time of shipment; (4) distributed the crop.

Operators buy in car lots, and in many cases they will handle the whole "deal" in a particular section, as was done with Colorado and California cantaloupes in the 1914 season. They attend to all of the details of advertising and marketing, and sell the fruit under their own wrappers and labels. The advances made vary with each transaction and depend upon how favorable a contract the grower is able to demand from the representatives of the operators. Cantaloupes in California and Colorado, tomatoes in Florida, and potatoes in Texas are handled, to a large extent, by these organizations.

The producer who sells to operators is reasonably sure of a market, although he may have to accept low prices. The low prices sometimes offered by the firms acting in this capacity are perhaps justified by the fact that they assume large risks and heavy financial burdens, while the growers are relieved of all speculative worries.

CARS BILLED DIRECT TO BROKERS.

A rather uncommon practice is that of the billing of cars direct to brokers in the markets by individual growers. When goods are standardized and the broker can effect a sale, subject to inspection, merely upon notification of shipment, this method may be practicable, but in the majority of cases the average grower will be unable to utilize this method. Brokers handle practically nothing in less than carload quantities, and if it is desirable to ship produce directly to market in less than carload lots, it will be necessary to make use of some commission merchant. Nevertheless, this method is open to any car-lot shipper, provided he meets the requirements of such distributors. Brokerage charges for selling vary from $5 to $20 or more a car, depending upon the commodity, the average charge for deciduous fruits being $15 per car. With oranges, lemons, and grapefruit the average brokerage charge is 5 cents per box.

The advantage to the shipper of using a broker is that the broker is supposedly the representative of the shipper and will look out primarily for his interests. He does not handle any funds and his brokerage is fixed, regardless of the selling price of the goods. He can be of great assistance to the shipper in preventing unwarranted rejections or in securing proper allowances where rejection is justified. In other words, he acts as the personal representative of the shipper on the market.[1]

In reality, however, the broker is prone to favor the buyers in order to keep in good standing with the trade. Also, there is a temptation to accept orders for more cars than the market can stand, simply to get the brokerage, with resultant low prices to the growers.

COMMISSION MERCHANTS.

The most common outlet for the producer who is shipping in less than carload quantities is through the commission merchants in large markets. In the larger markets a gradual falling off is noticed in straight commission business. Dealers as a whole prefer the more businesslike method of outright purchases either at point of origin or destination, and lack of standardization and grading is probably the only hindrance to a more rapid reversion to this method of buying. Road salesmen often solicit consignments for their firms in addition to the regular solicitors. Stencils are supplied by most of these companies, giving the address of the firm and a number identifying the shipper, with which the farmer can mark his shipments. When this is done all details of marketing will be attended to by the commission firm. Usually these firms also render account sales to the

[1] For selling methods of the various wholesale agencies on the market, see Bulletin 267, U. S. Dept. of Agriculture.

growers before collection is made, often within 24 hours. In this respect they differ from the broker who customarily makes no collections or remittances to the shipper. In return for this service of immediate remittances and consequent carrying of credit accounts the commission merchants must charge a higher rate than the broker. Because he sells in less than carloads, commission charges vary from 5 to 12 per cent, according to the relative perishability of the goods handled, the average charge on perishables probably being 10 per cent. Commission firms specialize in certain commodities, such as eggs, butter, and cheese, or fruits and vegetables, or poultry and game. Usually each firm will handle any shipments made to it.

AUCTIONS.

A rather uncommon outlet for the individual grower is the auction. Auctions do not openly encourage shipments direct from the producer as they prefer to be impartial sellers rather than receivers of goods. In most cases where goods are so shipped, they are sold unmarked and consequently bring less than commodities marked with well-known brands. Auction charges usually average 2 to 5 per cent for handling the products of cooperative marketing associations. Where these selling charges average less than 5 per cent, a terminal charge of 5 cents a package sometimes is collected from the buyers who patronize the auction.

RETAILERS.

Sales direct to retailers or to hotels and restaurants need no particular explanation at this point. In most cases goods must be of extra fancy quality in order to make it possible to utilize this outlet. Middlemen sometimes perform a great service by repacking and grading products which are sent to them in unmarketable shape or which have deteriorated in transit, for which service a charge must be made. If the farmer desires to save this expense he must perform these services for himself.

GENERAL SALES PRACTICES AND TERMS.

The usual types of sales of produce may be enumerated as follows: Sales at point of origin, sales in transit, and sales at destination. The terms upon which sales may be made may be classified as follows: Cash at farm or orchard, f. o. b. either point of origin or destination, and finally an "on-track" sale for cash at destination.

SALES AT POINT OF ORIGIN.

Sales at point of origin may be either outright sales of commodities before or at harvest, sales on f. o. b. terms, or sales "on joint account."

OUTRIGHT SALE OF GOODS BEFORE OR AT HARVEST.

The outright sale of products before or at harvest does not need much elaboration, as these sales are for cash and the producer can treat in person with the buyer. The only differences that may occur between sales of this class are in the terms. For instance, fruit may be sold to the buyer on the trees, in which case the buyer estimates the probable yield and offers a lump price for the whole crop. In this case the buyer attends to picking, packing, and delivering the fruit, and the grower is relieved of all further responsibility. Many orchardists object to this method of sale, claiming that the pickers and packers hired by the buyer do great damage to the trees while gathering the fruit.

Growers who object to this method of sale pick and pack the fruit themselves, preparing it in marketable shape, and sell the fruit at the orchard. In this case the buyer attends only to loading the fruit on the cars and to its disposition on the market, the grower receiving his money at the time of sale. A variation of this method occurs when the grower sells the crop while on the trees, but payment is deferred until after the fruit is picked, packed, and delivered.

Another common type of outright sales occurs when the buyer contracts to use only fruit of a certain grade, in which case the orchardist must find other outlets for the remaining grades.

SALES ON F. O. B. TERMS.

Sales on f. o. b. terms, due to improved standardization of farm products, are forming a continually increasing portion of the total sales of produce, although the increase is very gradual.

"F. o. b." means "free on board." As sales may be made "f. o. b. point of origin" or "f. o. b. destination," the grower should always be careful to specify whether he means free on board at point of origin or delivered at destination. If the terms of the sale are f. o. b. place of shipment, then the purchaser will have the goods he intends to buy delivered and loaded into the car without any expense to himself. On the other hand if the terms of the shipment read "f. o. b. destination" it means that the freight must be delivered at destination freight paid, or if the freight is not prepaid the purchaser may deduct these charges from the invoice before making remittance.

In fruit and produce circles generally, the term f. o. b. is commonly understood to mean a sale at point of origin, with inspection privileges at destination. These sales are called "f. o. b. destination," "f. o. b. usual terms," or "delivered sales."

Sales on f. o. b. terms may be made either to traveling representatives of distributors or by correspondence with city connections. The former is the most common method of sale for the average eastern shipper who is not handling large quantities of any one type of produce

or who does not enjoy a reputation sufficient to warrant sales on advance orders. An f. o. b. sale to traveling or field representatives of distributors resembles an "on-track sale" at the market center, because inspection is made before the purchase price is agreed upon. Customarily sales are for cash. This method of sale is limited to specialized sections which annually attract many buyers, for competition among several buyers is almost a prerequisite to securing f. o. b. sales. The average speculator will avoid cash f. o. b. sales where possible, but may be forced to buy through keen competition and limited supply. Furthermore, if there are only a few buyers in a certain district, and they know that the growers are more or less dependent upon their offers, combinations may be effected which will result in reducing prices materially. The f. o. b. sale is undoubtedly the most satisfactory for the average grower, for in a majority of cases it is unwise for the producer to attempt to play the market and trust to his own knowledge of market conditions in shifting his car from one larger center to another, excepting as he does so through a cooperative selling organization.

Sales on f. o. b. terms through city representatives, such as brokers or association representatives, or finally, direct to car-lot wholesalers, are made most frequently by cooperative associations in specialized sections. One of the prerequisites is an established reputation on the part of some association which stands back of the products. Comparatively few individual producers ship in large enough quantities to have such an established reputation.

These sales are very rarely for cash; in almost all cases they are in the nature of orders from prospective customers secured by city salesmen or brokers. Salesmen solicit orders for future shipment, instructing the associations or shippers as to the time the goods are desired.

It is customary in making f. o. b. sales to allow inspection by the purchaser at destination. With perishables this is almost a necessity, and there are practically but two reasons why a shipper should refuse inspection at the distribution point—either because he knows that the quality of his goods does not meet the contract specifications, or because he doubts the willingness of the buyer to accept the goods in case of a decline in the market. However, with proper business precautions in selling methods, and with an average amount of honesty on the part of the shipper, neither of these conditions should arise. It is understood that in the case of f. o. b. sales to traveling or field representatives, inspection is made on the track at the time of sale. Under average conditions, inspection must occur, in nearly every instance, at either the point of shipment or delivery.

Certain disadvantages and limitations attend sales on "f. o. b. destination" terms which do not apply to cash f. o. b. sales at point

of origin. One of the most common difficulties is experienced when a buyer orders a car subject to inspection, and, in case of a decline on the market before delivery is made, refuses acceptance because of some alleged deficiency. If a buyer wishes to refuse a car, it is not hard to find some defect which he can use as a plausible pretext for refusal.

This matter of rejection depends entirely upon the nature of the implied contract. If the grower ships a car which is under grade, the receiver has a right to refuse it whether the market is declining or advancing. When a buyer makes a purchase "f. o. b. point of origin" he assumes all risk of loss in transit and must see to all claims for damage. On the other hand, if he buys "f. o. b. destination" or buys "on track" at destination the shipper assumes the risk.

In the absence of special agreement to the contrary, when commodities are delivered to a common carrier for shipment, the title to the goods ordinarily passes to the purchaser when the goods are delivered to the carrier properly tagged and addressed. Usually, discrepancies may be found through which a purchaser can manage to withdraw from his agreement, but where a shipment has been accepted at point of origin it belongs to the purchaser and not to the producer.

Another objection brought against f. o. b. sales is that they will not expand markets to any great extent. In order to expand a market the representative of the selling association or the shipper must have the privilege of making sales on any terms possible, provided the prices are justified by prevailing market conditions, and provided sales are always made subject to confirmation by the shipper.

This question of the relative advantages of sales on f. o. b. terms and sales "on track" at destination is one over which the managers of the large cooperative associations in the country differ greatly. It has been claimed that sales on f. o. b. terms subject to inspection are of no more advantage than sales "on track" at destination, inasmuch as in the majority of cases they must depend upon acceptance at destination. To a certain extent this is true.

On the other hand, advocates of f. o. b. sales claim that when a buyer orders a car on these terms through the city representative of a shipping association, the buyer is really in the market for the supplies ordered. Consequently, when the goods are shipped, there is at least a prospective buyer in sight and the final sale is more likely to be consummated. Even though the market may decline in the interim, the allowance made on account of decline in price is usually not as great as the total drop in the market price. The reason for this is plain. The buyer is in the market for the commodities and he is depending upon this one source to secure them. Although the market has dropped and he naturally hopes for certain

concessions from the seller, yet he will not expect an allowance to cover the total drop, but will be content, in most cases, to compromise and accept a reasonable concession. As a consequence, the selling association will secure larger returns than if it had shipped a car without a previous order, commonly termed a "tramp car," in which case it would have been compelled to accept the prevailing market price.

SALES ON JOINT ACCOUNT.

Sales on joint account are agreements made between the grower or shipper and the market representatives on a certain deal, the latter to contribute his knowledge of marketing conditions and the former to make use of his knowledge of conditions at the producing end. Deals of this kind are possible only where both parties know and understand each other thoroughly, for each is absolutely dependent upon the integrity of the other. The division of expenses and profits varies greatly with each contract, though it may be said that the usual custom is for the net profits, after deduction of expenses, to be divided equally between the shipper and the market representative.

SALES IN TRANSIT.

Customarily sales in transit do not concern the individual grower directly, inasmuch as this type of sale is usually made only by shipping associations. Again, sales in transit are necessary only in the case of large crops of produce which must be kept moving in order to prevent a congestion at the shipping end. In many cases it is impossible for a large association to secure f. o. b. sales for all the produce which it has ready for shipment. Consequently, the manager ships out cars known as tramp cars, which are billed to some diversion point in the general direction of the markets where prices seem to be strongest. While the cars are in transit orders are received and the cars diverted accordingly. In case no buyer is found by the time the diversion point is reached, the car is either diverted to the market which seems to offer the best possibilities or is sent to some auction point.

In these sales either absolute selling power is granted to the representative of the shipping association or sales are made subject to confirmation by the shipper. In the former case, where absolute selling power is granted to the representative, no control is possible by the shipper, inasmuch as the representative becomes the virtual owner of the commodity. Thus a shipper who is unable to keep in close touch with the market may rely on the ability of his representative and telegraph him instructions merely to sell to best advantage. Under instructions of this kind the representative is justified in making almost any disposition of the shipment which he believes to be best.

The usual and safest method is to make all sales subject to confirmation by the shipper and not give absolute selling power to the representative. In this case the broker will offer to the trade or receive orders from the wholesale trade, and if any seem to approximate the market, he will telegraph these offers to the association or shipper. In case the association accepts the offer, the sale is made, usually, with the proviso that the goods are to be subject to inspection by the purchaser.

SALES AT DESTINATION.

Sales at destination may be either for cash "on track," through the auction, or sales out of storage.

TRACK SALES AT DESTINATION AND SALES THROUGH THE AUCTIONS.

Where a car is billed as a tramp car in the general direction in which markets seem strongest and no sale has been made or order secured for the goods en route, the car is diverted to the strongest available market with orders to the local representative or broker to make the most advantageous sale possible. The broker then gets prospective buyers to make inspections and offers, which he submits to the shipper. In case no attractive offers are made the car may be sold through the auction.

SALES OUT OF STORAGE.

Another common procedure for the producer when marketing conditions are not favorable at the time of shipment is to place the goods in cold or common storage until the market strengthens. In this case the shipper becomes a speculator, and usually it is best to allow regular marketing agencies to handle speculative deals, unless the grower has the advantage of a cooperative association and the expert services of a trained manager. In the first place, the average individual shipper has not a sufficient quantity of produce to influence the trend of the market materially, nor is he able to keep in touch with country-wide conditions and probable future developments. In the second place usually he is not able to inspect the goods in storage at regular intervals. The keeping qualities of the same varieties of fruit vary greatly from year to year, and regular inspection is almost a necessity in order that the sales may return a profit. Where growers are cooperatively associated the sales representatives on the different markets can perform this service. As a general principle, it may be stated that only sound and fairly matured stock should go into storage.

In other words, this method of sale is practicable only when the grower can keep in touch with the market, or when he has an absolutely reliable representative on the market who can make inspec-

tions for him and give him expert advice as to the best time to sell. Storage charges in the case of fruits are based upon monthly and seasonal rates. Thus with barreled apples the usual charge is from 10 to 25 cents for the first month, with a monthly charge thereafter of from 10 to 15 cents, or a seasonal charge of 40 to 50 cents, which allows the shipper to store his commodities from one to six months.

In many instances the provision of storage facilities on the farm may be a profitable investment. A storage house or cellar of the simplest type which will hold produce in good condition for even a few days may prove to be a determining factor between profit and loss. For instance, the psychological influence upon a buyer of the realization that the grower is not dependent upon him often will result in the offer of higher prices.

Most growers are unable to store because of the fact that they need immediate cash returns in order to pay existing obligations. Where the standing or credit of a grower or association is unquestioned, it may be possible to secure substantial advances, using warehouse certificates as collateral, but an unknown shipper will find great difficulty in securing such loans. It is doubtful whether advances would be made by banks on warehouse certificates based upon perishable products. Banks sometimes take these certificates as collateral from cooperative organizations, but this is done usually as a matter of form, the bank relying on the warehouse certificates for the perishable products much less than on the assets and general credit of the cooperative organization.

In many cases it also will be necessary to insure the goods while in storage to cover all possible risks, and this is an additional charge which the grower must pay, although comparatively the cost is not great.

CONCLUSION.

The development of the so-called "middleman system" has not been a parasitic growth. Distributors have arisen through economic necessity caused by the ever-widening distance between the producer and the consumer and the ever-increasing demands for service from the latter. There is no doubt that conditions can be improved greatly, but it is no less certain that the distributing trade performs a very valuable service at this time, though sometimes at a tremendous cost and with great waste.

If the suggestions given in this bulletin appear complex, they will at least have accomplished one result—to make both the producer and consumer realize that there is a good reason for the existence of distributors. If the grower is not willing to take all these precautions, assume these risks, and spend the time necessary to locate the final consumer of his goods, he must depend upon the services of

some of these so-called middlemen. Even though the growers may be federated into a cooperative association and thus be relieved of a great many details and dangers, by the employment of an expert sales force, nevertheless the association must in its turn employ at least a part of the present marketing machinery in disposing of the greater portion of its products.

Improvements are needed; of this there is no doubt. Undoubtedly they will be made. However, in the meantime products must be marketed, and until changes are made such marketing machinery as is available must be utilized.

Cooperation will accomplish much in the way of better distribution, the standardization of products, and the improvement of business methods.

SUMMARY.

1. Cooperation is desirable between grower and grower, and grower and consumer, but is needed especially between the producer and the distributor. The grower must realize the necessity of living up to an agreement and doing business on a businesslike basis.

2. The grower should keep in constant touch with the market either through the newspapers, trade papers, private firms, auction reports, or by telephone, telegraph, or mail.

3. In offering goods for sale shippers should give definite and detailed information regarding the prospective shipments, such as the probable date of shipment, the commodity, number of packages, kind and size of package, quantity and quality of each variety, whether freight or express shipment, and the road and route.

4. Market quotations are of value in finding the best market, but only as temporary indicators of general price levels, and too much reliance must not be placed upon them.

5. Personal visits to the market patronized will enable the grower to obtain the proper market perspective. He will see the difficulties under which the distributors work, he will see his products in competition with those from the most highly specialized districts, and he will learn the necessity of good quality, honest packing, and standardization.

6. Before establishing market connections, the dealer's commercial standing should be studied very carefully. Commercial credit agencies, trade papers, chambers of commerce, and local bankers all can be of assistance in this respect.

7. The producer can sell either individually or cooperatively. Cooperative associations assume all marketing responsibilities for the individual shipper and are in a much better position to keep in touch with the market and to secure an equitable distribution.

8. Sales direct to the consumer are not always advisable owing to the difficulties of transportation and the problems of collections

and bad accounts. Direct-to-the-consumer sales are usually possible only with highly specialized commodities of small bulk.

9. Direct-to-consumer sales by the grower may be made as follows: Direct delivery by wagon or motor truck; the use of public markets; express and parcel-post shipments; peddling from the car doors; and sales to factories.

10. Under present methods of distribution most car-lot shipments must be sold through wholesale distributing agencies.

11. Sales to country merchants, country collecting agents, country buyers of special products, and traveling buyers are desirable in that the grower deals with the buyer in person and receives cash at the time of sale.

12. Private exchanges closely parallel cooperative associations in the organization of their sales forces, with salaried representatives or brokers in the larger markets. Thus they are able to secure an advantageous distribution of commodities sold through them. Cooperative associations, however, are mutual organizations of producers, while the exchanges are private companies organized for profit.

13. Brokers and commission merchants are valuable marketing aids to the producer in that they act as his personal representatives on the market. In the case of brokers this is an important consideration in the matter of rejections, for the representative is able, through being on the market, either to prevent rejection entirely or to offer a suitable compromise. Brokers act merely as representatives of the shipper, whereas commission merchants usually have complete authority to dispose of shipments to the best advantage. Brokers handle shipments usually in car lots, while commission merchants handle shipments of any size.

14. The sale of goods before or at harvest time transfers the element of risk from the grower to the buyer and changes the crop into immediately available assets.

15. One advantage of selling goods f. o. b. destination is that although they are liable to rejection in case of damage in transit or a decline in the market, there is at least the prospect of a buyer, and, with reasonable allowances made, the car usually will return a greater profit than if it had been shipped to the market unordered.

16. Provided an order can not be secured by the time a shipment of perishables is loaded, the car can be started in the general direction in which market conditions seem strongest. If a sale is made while the car is in transit, the shipment can be diverted to the proper market.

17. When a car has arrived on the market and is unsold it may be disposed of either for cash "on track," through an auction, or it may be put into storage until conditions warrant its withdrawal.

GLOSSARY OF TRADE TERMS AND EXPRESSIONS AS USED IN THIS BULLETIN.

Account sales. The statement which a commission merchant renders to a shipper accounting for the shipper's goods.

Allowance. The concession in price made to a buyer in order to induce him to accept a car which he has rejected.

Auctions. Organizations, usually in the form of stock companies, whose business is to sell fruits at public sale to the highest bidder, charging a definite fee for this service.

Brokers. Agents who negotiate the purchase or sale of goods. They have no financial interest in the goods they handle, and are paid by a definite fee.

Car-lot assemblers. A term commonly applied to the country merchants or buyers who purchase in small lots and combine into car-lot quantities.

Car-lot wholesalers. Distributors who buy outright fruits and vegetables in car-lot quantities, and who sell to the jobbing or retail trade.

C. l. Abbreviation for "car lot."

Car peddling. The practice of growers accompanying cars of produce to markets and selling from the car door in the railroad yards.

Commercial rating. Extent of financial and general credit responsibility of a firm or individual, as determined by unbiased credit agencies.

Commission merchant. A dealer on the market who receives shipments or consignments and sells to the best advantage, remitting the proceeds to the shipper after deducting a specified commission.

Consignments. Shipments forwarded or delivered to a representative on the market to be sold or disposed of by him for the account of the shipper.

Cooperative association. Mutual organizations of producers formed for the purpose of grading, packing, shipping, and selling products grown by members of the association.

Country buyers of special products. Buyers located at central points in districts producing special crops, such as potatoes, who buy on their own account and ship in car-lot quantities.

Country collecting agents. Country dealers or buyers who drive from farm to farm buying on their own account small quantities of produce and assembling them into larger units.

Delivered sales. Sales in which the terms specify that the goods shall be delivered free of charge at a specified point.

Distributors. Individuals, corporations, or associations whose business it is to route, distribute, or market agricultural products.

Diversion point. A point at which the carrier will permit the destination of a car to be changed, so located geographically that it is possible for the consignor to change the routing of the car before it reaches this point.

F. o. b. point of origin. Indicates that goods must be loaded "free on board" cars at point of origin by the shipper.

F. o. b. destination. Indicates that freight to destination must be paid by the shipper.

F. o. b. usual terms. Same as "f. o. b. destination."

Invoice. A statement sent to a consignee containing a list of the goods which have been shipped to the consignee in question.

Jobbers. Dealers at distributing centers who buy usually in less than car-lot quantities from car-lot wholesalers or commission merchants and, in turn, sell to the retail trade.

L. c. l. Abbreviation for "Less car-lot" or "Less than car-lot" shipments.

Margin. Difference between the buying and selling price.

Middlemen. According to popular usage this term refers to those who share in the profits and losses incident to the handling of goods between the producer and the consumer.

On track. (See "Track sales.")

Operators. Large wholesale firms which send private buyers and solicitors into producing sections and which through representatives or branch houses in several large markets have a wide distribution for goods which they purchase or handle on consignment.

Overquoting. The practice of sending out quotations above the actual market to attract shipments. (See "Quotations.")

Pool. A combination of the returns from all sales by a cooperative association for a given period, each grade and variety by itself, previous to division among the members according to the amount, grade, and variety shipped during this period by each grower.

Price currents. Prevailing market quotations assembled and published daily by private firms or associations of market men.

Private exchanges. Distributing organizations incorporated as stock companies and operated for profit. They distribute shipments chiefly in car lots for either individual shippers' or producers' organizations selling through salaried representatives or brokers.

Quotations. Current prevailing ranges of market prices.

Rolling. A term indicating that a car is on its way to destination.

Sale on joint account. A transaction or some particular undertaking by which two or more parties combine in contributing the necessary capital and services to buy and sell and share the profits or losses resulting therefrom.

Subject to confirmation. A sale not completed until the offer of the buyer is accepted by the shipper.

Terminal charge (auction). A package charge levied on the buyers by some auctions. Supposed to help cover the expenses of opening the sample line for inspection and general expenses of the auction company.

Track sales. Sales made of the goods in the car at point of origin or destination—customarily the latter.

Tramp cars. Cars loaded and shipped without sale or consignment.

Traveling buyers. Salaried representatives of individual wholesale produce houses or distributing agencies who move from district to district, as the season progresses, buying produce for their respective houses.

Warehouse certificates. Receipts issued by storage houses for goods in storage.

Wholesalers. A general and very loose term including practically all those in the distributing trade with the exception of the retailers. (See "Car-lot wholesalers.")

PUBLICATIONS AVAILABLE FOR FREE DISTRIBUTION.

Demurrage Information for Farmers. By G. C. White. Pp. 27. 1915. (Department Bulletin 191.)

A System of Accounting for Cooperative Fruit Associations. By G. A. Nahstoll and W. H. Kerr. Pp. 25. 1915. (Department Bulletin 225.)

Strawberry Supply and Distribution in 1914. By Wells A. Sherman, Houston F. Walker, and O. W. Schleussner. Pp. 10. 1915. (Department Bulletin 237.)

Methods of Wholesale Distribution of Fruits and Vegetables on Large Markets. By J. H. Collins, J. W. Fisher, and Wells A. Sherman. Pp. 28. 1915. (Department Bulletin 267.)

The Potato as a Truck Crop. By L. C. Corbett. Pp. 24. 1910. (Farmers' Bulletin 407.)

Storing and Marketing Sweet Potatoes. By H. C. Thompson. Pp. 15. 1913. (Farmers' Bulletin 548.)

Shipping Eggs by Parcel Post. By Lewis B. Flohr. Pp. 20. 1914. (Farmers' Bulletin 594.)

Retail Public Markets. By G. V. Branch. Pp. 167–184. (Separate 636 from Yearbook 1914.)

Cooperative Marketing and Financing of Marketing Associations. By C. E. Bassett, C. W. Moomaw, and W. H. Kerr. Pp.185–210. (Separate 637 from Yearbook 1914.)

PUBLICATIONS FOR SALE BY SUPERINTENDENT OF DOCUMENTS.

The Cold Storage of Small Fruits. By S. H. Fulton. Pp. 28, pls. 3. 1907. (Bulletin 108, Bureau of Plant Industry.) Price, 15 cents.

Cooperation in the Handling and Marketing of Fruit. By G. Harold Powell. Pp. 391–406. (Separate 546 from Yearbook 1910.) Price, 5 cents.

The Precooling of Fruit. By A. V. Stubenrauch. Pp. 437–448. (Separate 550 from Yearbook 1910.) Price, 5 cents.

WASHINGTON : GOVERNMENT PRINTING OFFICE : 1915